



Testimony of James "Ricky" Williams
Dairy Producer & Milk Hauler, Baxley, GA
Before The House Committee on Agriculture
Morrow, Georgia
May 14, 2010

Mr. Chairman, distinguished members of the committee, I appreciate the opportunity to testify before you today on the future of dairy policy. My name is Ricky Williams and I am a sixth-generation farmer, currently growing peanuts and corn on 900 cultivated acres. In 1993, my father and I began Williams Dairy where we currently milk 600 cows. Also, in 2005, I began hauling milk in the southeast through Williams Dairy Trucking, which operates 40 trucks and 50 tankers. Besides my duties on the farm, the dairy, and in the trucking company, I also serve on the Southeast Area Council of Dairy Farmers of America, Inc. (DFA), as a delegate to the American Dairy Association of Georgia, and as a board member of the Southeast Dairy Cooperative Association. Additionally, I have recently been appointed to the U.S. Department of Agriculture's (USDA) Dairy Industry Advisory Committee (DIAC).

As this is the committee's eighth Farm Bill hearing, you have no doubt heard from other dairy producers on the state of the dairy economy. You are well aware that the past 18 months have been very difficult for dairy producers across the nation. The depressed milk prices, brought on by a supply/demand imbalance, coupled with high input costs, a collapse of our financial structure and an international recession has led to an economic situation not witnessed for generations within the dairy industry. I know of no one in the dairy industry – not even the most efficient and best producers -- who has not been dramatically impacted. In my role as a milk hauler, I know that for many producers in my region of the country, the economic strain has been too much to bear and they have left the business. Remember that for those of us in rural America, the "business" allows us the chance to raise our children and watch our grandchildren grow in small towns with big skies all across the nation. These children are who this nation will rely on to produce food in the future. As USDA Secretary Tom Vilsack testified to before this committee on April 21 "rural America truly serves our [this nation's] backbone." He went on to say that the welfare of rural America... "is of vital importance to the success and well-being of all Americans." I could not agree more.

I want to thank members of the committee for acknowledging the severe distress dairy producers have been weathering and express appreciation for all your support over the last year. As always in dairy policy, it takes all of us working together to make a difference and make changes. With your help and insistence, the USDA used many tools available to them to bring some relief to dairy producers. USDA temporarily increased the support price through the Dairy Product Price Support Program (DPPSP) which resulted in increased purchase prices for cheese and nonfat dry milk (NFDM), while boosting farm-level income for dairy farmers. They reactivated the Dairy Export

Incentive Program (DEIP) for the 2009-2010 year which resulted in the transfer of significant volumes of NFDM, butter and cheese to international customers. Additionally, USDA acknowledged the needs of those struggling to afford nutritious food for their families and transferred 200 million pounds of NFDM to Food and Nutrition Services for use in domestic feeding programs. Lastly, Congress passed an appropriations measure which contained \$350 million in direct support to the dairy industry. On behalf of the 17,000 member-owners of DFA, I thank you.

Mr. Chairman, as you know, extreme volatility in the industry during the past 18 months has resulted in drastic swings in the price dairy farmers are paid for their milk and their costs of production. Recovery has come much slower than expected, and producers are low on equity and heavy with debt. Many of us in the producer community are facing increasing pressure from our lenders, who have, until now, been patient in waiting for the upswing in prices. They too have balance sheets to be concerned with, and their interest in continued lending to many in the dairy sector is starting to wane. Because of these factors, the situation for many dairy producers will surely get worse before it gets better.

In my opinion, going forward, it is important that the committee identifies and develops policy that addresses the real concern of this nation's dairymen and women – extreme volatility. In the last decade, we have seen dramatic volatility in dairy prices and in our costs to produce milk. The upward spikes have been higher, the depressed prices have been lower, and the time in between has been shortened with little allowance for recovery. Current federal dairy policy fails to provide an adequate safety net, is inflexible and provides few tools for producers to access in times of low prices or extreme volatility. We must identify the tools necessary to decrease and mitigate such extreme swings if we are to sustain a vibrant domestic dairy industry.

I have watched, with great interest, the policy development work within my own cooperative. As I mentioned earlier, I am member-owner of Dairy Farmers of America. In May of 2009, DFA began evaluating current dairy policy and considering future options. The following principles were used when developing DFA's policy concept and for the evaluation of proposals developed by others. New federal dairy policy should:

- Be market oriented to allow for growth both domestically and globally
- Be responsive to quickly changing market conditions
- Have 100 percent financial participation by producers
- Be global in nature to consider the impact of imports and exports
- Be national in scope with the ability to implement regionally

Following much consideration and with these principles in mind, DFA's Board of Directors adopted a growth management concept called the Dairy Growth Management Initiative (DGMI). DFA's primary goal with DGMI has been to identify policy that would reduce price volatility and provide additional tools to assist producers in times of low prices, including the ability to spur demand and enhance exports. As DGMI was shared with others to consider, it was used as an invitation for discussion in an effort to build consensus in the industry.

DFA, other dairy cooperatives and industry organizations like NMPF then began working together towards consensus for future national dairy policy that allows for growth in the industry while addressing price volatility. These efforts at collaboration are proving successful, and I am pleased to see that several of the DGMI concepts for addressing volatility are now being integrated in the proposal NMPF is developing.

At the inaugural DIAC meeting held April 13-15 in Washington, D.C., several organizations presented their ideas for future dairy policy to the committee. NMPF, the International Dairy Foods Association, the National Farmers Union and the Milk Producers Council all spoke on policy proposals their organizations were developing. All the proposals had some merit and several addressed my main concern - the issue of extreme volatility.

The NMPF proposal was of particular interest as they are recommending several changes to national dairy policy, including:

- Revamping the DPPSP and Milk Income Loss Contract programs
- Creating a program that sends a direct economic signal to each individual producer to manage production in a manner that allows the producer to remain in business while addressing supply/demand imbalances
- Creating a new dairy producer gross margin insurance program that responds to milk price and feed cost
- Reforming Federal Milk Marketing Orders

Producers need several tools in order to meet their needs in an ever-changing marketplace. NMPF touched on several of those tools. I appreciated their presentation and will be very interested in learning more details as it is further developed, as will others on the DIAC.

I will note that DFA is supportive of NMPF's policy direction and they believe that the NMPF process will yield a unified proposal within the industry. Only through a unified industry proposal can we secure the necessary policy changes that will aid in the success and longevity of the U.S. dairy sector for years to come.

While the focus of this hearing is the development of the next Farm Bill, many of you are undoubtedly wondering about immediate steps that could be taken to assist dairy producers. I have personally contacted Secretary Vilsack about these actions, which I feel should be considered today to not only assist the dairy economy's recovery but also address the needs of the increasing numbers of those needing food assistance.

According to many economists, the fundamental reason that dairy prices have not recovered more quickly is our burdensome inventory of American-style cheese. While Congress authorized and USDA committed \$60 million for cheese purchases last year, it simply was not enough. USDA has the tools available to them to move an additional 75 million pounds of American-style cheese for feeding and nutrition purposes. Moving these inventories would reduce excess supply and provide nutritious foods to those who are unable to afford them, a population that has been growing under the nation's financial crisis. By taking this action, USDA could provide dairy products for both

domestic and international hunger relief efforts currently underway. This would directly benefit hungry families who continue to struggle with malnourishment and will provide additional support to America's dairy producers.

I believe USDA should focus on the increased need facing our nation's food banks. Mr. Dwain Forester, a DFA member and dairy producer from the state of Washington, has developed a milk voucher proposal that would provide milk and dairy products for those accessing local food banks around the country. Under Mr. Forester's plan, USDA would issue vouchers similar to those used in the Women, Infants and Children (WIC) program to be distributed through local food banks. The use of milk vouchers would enhance the food banks' ability to offer additional food and nutrition to their participants without requiring any new capital expenditures for refrigeration units or extra personnel to handle cases of milk. I believe that a milk voucher program has the direct ability to provide needy families with nutritious dairy products.

Additionally, USDA, under current authorities, can provide dairy products to those in need. USDA can purchase cheddar cheese and donate the cheese to food banks, food pantries and emergency feeding organizations across the nation that can accommodate the donation. These purchases can be made by:

- Utilizing Section 32 funds to purchase cheese and provide this cheese to the Emergency Food Assistance Program which can then donate to food banks and other eligible entities;
- Utilizing authorities under Section 5 of the Commodity Credit Corporation Charter Act to support commodity prices and remove and dispose of surpluses by donating cheese to food banks and other eligible entities.

According to a 2008 report by USDA entitled "Household Food Security in the United States" my home state of Georgia has a 14.2 percent household food insecurity rate, ranking fourth worst in the country and above the national average of 12.2 percent. With the state of the economy, we know more and more families are finding it difficult to provide proper nutrition at the dinner table and are accessing food banks and similar entities for supplemental nutrition.

USDA programs such as the McGovern-Dole International Food and Child Nutrition Program has successfully channeled dairy products globally to those in need. In addition, measures such as the WIC, the Temporary Assistance for Needy Families, the American Recovery and Reinvestment Act, and the Summer Food Service Program have provided nutritious dairy products which can address hunger. Because of the success these programs have had in addressing hunger, I have urged USDA to expand their use to provide dairy products for humanitarian efforts both domestically and internationally. Addressing hunger and issues of malnutrition has lasting impacts, especially abroad. I urge the committee to contact USDA regarding these proposed actions as well. As before, working together, we can secure positive action from the administration.

On another issue of note, I employ nearly 15 employees on my farm and dairy, besides my family who are involved. Increasingly it is becoming more and more difficult for dairy producers to fulfill their labor needs. Currently, there exists no good visa program for

the dairy sector to secure a legal and stable workforce. Several pieces of legislation currently pending before Congress address this gap in the system. I would ask committee members to lend their support to H.R. 2414, the Agricultural Job Opportunities, Benefits, and Security Act (AgJOBS), and H.R. 3744, the Dairy and Sheep H-2A Visa Enhancement Act of 2009, introduced by Representatives Howard Berman (CA) and Michael Arcuri (NY) respectively. Both bills allow the dairy industry to participate in the H-2A program which is currently used for seasonal agricultural needs. As you are well aware, the dairy industry "harvests" several times a day. We need quality employees to ensure that we can continue to do what we do best – produce quality milk to meet consumer demand.

Another issue that impacts my operation is truck weights on federal highways. The current weight limit for trucks on the federal highway system is 80,000 pounds. Increasing the size and weight limits of trucks will make the industry more efficient in its use of energy. As a hauler and dairy producer, this efficiency will go a long way to improving profitability and sustainability. Please support H.R. 1799, the Safe and Efficient Transportation Act of 2009, introduced by Representative Michael Michaud (ME). The bill would allow states to authorize an increase in their weight limits on interstate highways without sacrificing safety.

There are several other issues which Congress may choose to address which will impact the dairy sector – either positively or negatively. I appreciate the committee's effort in ensuring the voice of agriculture is heard on climate change and other environmental legislation being developed. The dairy sector is currently struggling and the imposition of new regulatory requirements right now will surely push more out of the industry.

Thank you for allowing me to provide testimony before you today. I appreciate the committee's work and timeline for Farm Bill policy development. I will note, however, that many dairy producers will not be able to hold on until the next Farm Bill, scheduled to be completed in 2012. If the dairy sector is able to achieve consensus sooner, I would urge the committee to consider action.

Mr. Chairman, I appreciate all the Committee's efforts and look forward to working with you in the months to come.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2007.

Name: Ricky Williams
Address: 4913 Red Oak Rd Bayley, Ga. 31513
Telephone: 912-367-9160
Organization you represent (if any): Sairy Farmers

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2007, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: - 0 -
Source: _____ Amount: - 0 -

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2007, as well as the source and the amount of each grant or contract:

Source: _____ Amount: - 0 -
Source: _____ Amount: - 0 -

Please check here if this form is NOT applicable to you: _____

Signature: [Signature]

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

JAMES RICKY WILLIAMS

4019 Red Oak Road, Baxley, Georgia 31513

Phone: 912-367-9160 Email: williamsdairy@bellsouth.net

PROFESSIONAL EXPERIENCE

- 2008 - *PRESENT*: Serving as council member on the Southeast Area Council for Dairy Farmers of America
- 2008 - *PRESENT*: Appointed as delegate to the American Dairy Association of Georgia
- 2006 - *PRESENT*: Elected to serve as director of the Southeastern Dairy Cooperative Association, Inc.
- 1996 - *PRESENT*: Served on agriculture advisory committee for Senator Saxby Chambliss.

- Sixth generation farmer. Family farm consists of 900 cultivated acres and total family owned is 1,600 acres. At present, farming 300 acres of peanuts and 600 acres of corn.

- 1990 started raising replacement heifers for area dairies.

- 1992 partnered with Robert Williams (father) and Pete Wright to open a dairy with the Florida Dairy Farmers Cooperative.

- 1993 opened Williams Dairy in partnership with Robert Williams. Dairy started out with 100 cows and the herd grew to 1,100 by 1999. Williams Dairy is still in operation milking 600 cows and currently owns 1,100 Holstein heifers and cows. Williams Dairy currently employs 14 people.

- 1997 started trucking operation hauling commodities and feed products for dairies in South Georgia and North Florida.

- 2003 changed trucking operation into a milk hauling operation. Started with loading local dairies in neighboring counties.

- 2005 started loading and delivering from dairy farms from all over the United States to milk receiving plants. Currently operating 40 trucks and 60 tankers. Williams Dairy Trucking, Inc. employs 50 people and transports 240,000 gallons of milk per day seven days per week.

PROFESSIONAL AFFILIATIONS & RECOGNITION

- 1992 - 1999 served on the Georgia Young Farmers executive board for the state.
- 1994- 1996 chosen as Outstanding Young Dairyman by Dairymen Incorporated.
- 1997 Ricky and his wife, Carol, were chosen as Outstanding Young Cooperators for Mid-America Dairymen Incorporated.
- 1998 served as Georgia Young Farmer State President.
- 1998 - 1999 served on the National Advisory Council for Future Farmers of America.

- 1998 - 2007 served as delegate for Dairy Farmers of America, South Georgia District.
- Current member of NFIB, Georgia Farm Bureau, SUDIA, Appling County Chamber of Commerce, Appling County Young Farmers, Honorary member of Georgia Young Farmers, and AgSouth Farm Credit.

PERSONAL INFORMATION

- Son of Robert and Violet Williams, born 1958 in Bacon County, Georgia.
- Married to Carol (McKenzie) Williams.
- Two children Kevin Williams and Jennifer Campbell, both work with the dairy operation and trucking company.
- Three grandchildren, Maysi, Rylan, and Colin.
- Member of Red Oak Baptist Church, served as Sunday School Teacher for young adult class.

Background for James Ricky Williams:

Sixth Generation Farmer. Family farm consists of 900 cultivated acres and total family owned is 1600 acres. At the present, farming 300 acres of peanuts and 600 acres of corn.

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1992 went into partnership with his father, Robert Williams, and Pete Wright opening a dairy with Florida Dairy Farmers.

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1997 Ricky and spouse, Carol, were chosen as Outstanding Young Cooperators for Mid America Dairymen Incorporated

1998 served as Georgia Young Farmer state President

1998-99 Served on National Advisory Counsel for Future Farmers of America

1998-07 served as Delegate for Dairy Farmers of America from South Georgia

2007 to present elected as Counsel Member for the Southeast Counsel with Dairy Farmers of America

2007 elected to serve as director of the Southeastern Dairy Cooperative Association, Inc.

2007 elected to serve American Dairy Association Board

Currently a member of: NPIB

Georgia Farm Bureau

SUDIA

Appling County Chamber of Commerce

Honorary Member of Georgia Young Farmers